

CANADA
STEAMSHIP
LINES
LIMITED

ANNUAL REPORT
1940

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McGILL UNIVERSITY

CANADA STEAMSHIP LINES LIMITED

DIRECTORS

W. H. COVERDALE, ESQ.
KENNETH T. DAWES, ESQ.
W. C. FRANZ, ESQ.
HARRY C. HATCH, ESQ.
FRANK J. HUMPHREY, ESQ.
COL. K. R. MARSHALL
BRIG.-GEN. C. H. MITCHELL, C.B., C.M.G., C.E.
GEORGE H. MONTGOMERY, ESQ., K.C.
PAUL J. MYLER, ESQ.
JOS. SIMARD, ESQ.
SIDNEY T. SMITH, ESQ.
C. E. TASCHEREAU, ESQ.
HON. LORNE C. WEBSTER



EXECUTIVE OFFICERS

W. H. COVERDALE
President
GEORGE H. MONTGOMERY, K.C.
Vice-President
R. B. THOMSON
Secretary
H. A. CRESSWELL
Treasurer

CANADA STEAMSHIP LINES LIMITED

To the Stockholders:

Your Directors submit the Company's twenty-seventh Annual Report and Statement of Accounts. The total revenue for 1940 amounted to \$12,674,456.19, an increase of \$2,183,236.19 above the previous year, due to increased ore and coal traffic and an improvement in the operations of subsidiary companies.

The net earnings for the year before providing for depreciation were \$3,737,428.35, bond and other interest paid during the year amounted to \$596,920.00, leaving \$3,140,508.35 available for depreciation and other corporate purposes.

Reserve for depreciation amounted to \$1,404,099.15.

After all charges, reserve for depreciation, etc., there was a net profit before income taxes of \$1,736,409.20. While the amount of excess profits tax cannot be definitely determined at this time, provision has been made for income and excess profits taxes in amount of \$780,000.00, on which basis the net income for the year was \$956,409.20.

Cash and Government securities on hand on December 31, 1940, amounted to \$4,535,446.35 after the purchase of \$1,400,000.00 First Mortgage Bonds of the Company and \$90,000.00 Kingston Elevator Bonds against future sinking fund requirements.

Kingston Elevator Company First Mortgage Bonds were reduced by \$29,000.00 through sinking fund operations to \$1,189,000.00 outstanding as at December 31, 1940.

The Company's property has been maintained in sound physical condition. During the year net additions to property amounted to \$308,442.76 of which the most important items were: conversion of the S.S. "OSLER" into a self-unloader and the extension of freight terminals at Montreal and Toronto.

In accordance with the terms of the Reorganization Plan, the full dividend of \$2.50 per share has been declared on the Company's Preference stock, payable April 1, 1941, to stockholders of record of March 21, 1941.

After all interest, dividend, net capital expenditures, sinking fund purchases of Kingston Elevator bonds, purchase of First Mortgage Bonds of the Company, etc., the operations of the year in review have resulted in an improvement in working capital of \$1,039,370.24.

During the year the Company contributed \$41,790.20 to its Employees' Pension Fund against employees' aggregate contribution in like amount. The assets of this fund in amount of approximately \$939,000.00 are entirely separate and distinct from the assets shown on the Company's balance sheet.

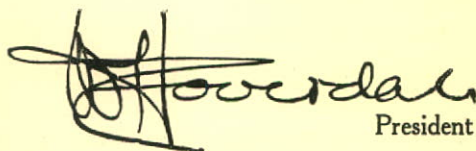
The fleet consists of seventy-five steamships, of which sixty-three are freight and twelve are passenger. Eleven canal-size steamships were sent overseas in Government service, of which number two have been lost.

The Company through a subsidiary has entered into contracts covering the construction of ten corvettes, six minesweepers, and six cargo vessels, of which four corvettes have been delivered, four have been launched and the two remaining corvettes and four minesweepers are on the ways.

Your Directors regret to announce that during the year 1940 the Company sustained a loss through the death of Hon. Frank Carrel.

Your Directors desire to record their appreciation of the loyal and efficient services of the Company's officers and employees.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'H. Overdal'. The signature is stylized with a large, looped initial 'H' and a long horizontal stroke extending to the right.

President

Montreal, March 5, 1941.

CANADA STEAMSHIP LINES, LIMITED

CONSOLIDATED

As at December

ASSETS

Fixed Assets at the reduced valuation made by the Management as at 31st December, 1936 and approved by the Board of Directors with subsequent additions at Cost:

Vessels, Real Estate, Buildings, Docks and Wharves, Plant and Equipment, and Miscellaneous.....	\$41,238,871.10
Less Reserve for Depreciation.....	18,148,362.77
	23,090,508.33
Deferred Payments on Properties Sold.....	69,000.00

Current Assets:

Cash in Banks and on Hand.....	\$3,345,133.85
Guaranteed Demand Deposits.....	450,000.00
Dominion and Provincial Government Bonds at Cost (of which \$175,000.00 are deposited in guarantee of Shipbuilding Contracts).....	740,312.50
Accounts Receivable, less Reserve.....	1,185,322.02
Adjusted Losses due by Underwriters.....	68,154.74
Insurance and Other Claims, estimated amount re- coverable.....	183,156.54
Interest Receivable Accrued.....	9,339.43
Inventories of Stores and Supplies and Shipyard Work in Progress at the lower of Cost or Market (as determined by responsible Officials on the basis of physical inventories).....	2,719,724.40
	8,701,143.48
Prepaid Expenses.....	154,950.68
Investments at Book Value (including \$1,400,000 par value of 5% First Mortgage Bonds of the Company).....	1,326,989.61
Funds deposited with Trustees for Mortgage Bonds.....	429.06
Total.....	\$33,343,021.16

Signed on behalf of the Board:

W. H. COVERDALE
GEO. H. MONTGOMERY } Directors.

AUDITORS' REPORT TO

We have examined the accounts of Canada Steamship Lines Limited and its Subsidiary Companies for the year report that we have obtained all the information and explanations we have required, and, in our opinion, the above of the state of the Companies' affairs, on a consolidated basis as at 31st December, 1940, according to the best of our of the provision for Excess Profits Taxes the basis of which has yet to be determined.

We have also to report that subject to the foregoing, the Dividend Amount available for the Preference Share ment of a full year's dividend of 5% in respect of the year 1940.

Montreal, 3rd March, 1941.

AND ITS SUBSIDIARY COMPANIES

BALANCE SHEET

per 31st, 1940

LIABILITIES

Capital Stock:

Authorized and Outstanding:

229,250 Shares, 5% Preference Stock of \$50.00 each..... \$11,462,500.00
(Cumulative from 1st January, 1943)..

300,000 Shares Common Stock of No Par Value..... 3,391,500.00

14,854,000.00

Funded Debt:

5% First Mortgage Bonds—Series "A" due 2nd
January, 1957..... \$10,500,000.00

6% Twenty Year First Mortgage Gold Bonds,
Kingston Elevator Co. Ltd..... 1,189,000.00

11,689,000.00

Current Liabilities:

Accounts Payable..... 747,736.67

Provision for Taxes..... 794,987.71

Bond Interest Accrued..... 239,390.00

Other Accrued Charges..... 2,043.59

Amounts Billed on Uncompleted Shipbuilding Con-
tracts..... 3,177,355.00

Deferred Income..... 99,901.48

Dividend Payable to Preference Shareholders under
terms of Reorganization Plan..... 573,125.00

5,634,539.45

Reserves:

For Freight Claims..... 42,500.00

" Shipbuilding Contracts..... 15,000.00

" Insurance Losses and Repairs..... 325,000.00

Surplus from Sinking Fund Purchases of Bonds of
Kingston Elevator Co. Ltd..... 981.25

383,481.25

Earned Surplus.....

782,000.46

Total..... \$33,343,021.16

THE SHAREHOLDERS

ended 31st December, 1940, and, in accordance with the provisions of the Companies Act (Dominion), we have to Consolidated Balance Sheet as at 31st December, 1940, is properly drawn up so as to exhibit a true and correct view information and the explanations given to us and as shown by the books of the Companies, subject to the adequacy

holders under the provisions of the Reorganization Plan at 31st December, 1940 was sufficient to provide for the pay-

PEAT, MARWICK, MITCHELL & CO.,

Auditors.

CANADA STEAMSHIP LINES, LIMITED

AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the Year ended 31st December, 1940

Operating Revenue:

Vessels.....	\$10,913,387.04
Docks and Wharves.....	642,386.39
Miscellaneous Operating Revenue—Net.....	1,003,482.48

12,559,255.91

Other Revenue (including Income from Investments \$84,031.92)....	115,200.28
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12,674,456.19

Expenses (including Salaries of Executive Officers \$72,470.83, Directors' Fees \$7,861.91 and Legal Fees \$7,658.95).....	8,937,027.84
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Net Earnings before Interest Charges and Depreciation.....	3,737,428.35
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From which Deduct:

Interest on 5% Mortgage Bonds.....	\$ 525,000.00
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Interest on 6% Mortgage Bonds of Kingston	
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Elevator Co. Ltd.....	71,920.00
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596,920.00

Provision for Depreciation.....	1,404,099.15
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2,001,019.15

Net Profit.....	1,736,409.20
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Amount Reserved for Dominion and Provincial Income and Excess Profits Taxes.....	780,000.00
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Net Income for Year.....	\$ 956,409.20
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EARNED SURPLUS

As at 31st December, 1940

Earned Surplus as at 31st December, 1939.....	\$ 398,716.26
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Add Net Income for Year ended 31st December, 1940.....	956,409.20
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1,355,125.46

Less Dividend Payable to Preference Shareholders under the terms of the Reorganization Plan.....	573,125.00
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Earned Surplus as at 31st December, 1940.....	782,000.46
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DIVIDEND AMOUNT

Available for Dividends to Preference Shareholders under the terms of the Reorganization Plan

Balance as at 31st December, 1939.....	\$ 13,092.50
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Add Amount transferred from Profits pursuant to the terms of the Reorganization Plan.....	560,032.50
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573,125.00

Deduct Dividend Payable—5% on Outstanding Preference Shares...	573,125.00
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Balance as at 31st December 1940.....	Nil
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CANADA STEAMSHIP LINES

Passenger Services

TAKE A BOAT TRIP!—Nothing offers a more enjoyable, healthier vacation than a cruise on one of C.S.L.'s distinguished passenger ships. A new kind of holiday experience, as different from ordinary land-locked resorts as is day from night. Services operate on St. Lawrence River and the Great Lakes.

NORTHERN NAVIGATION DIVISION—Semi-weekly service between Windsor-Detroit and Duluth, calling at Sarnia, The Sault and Port Arthur. For travellers between eastern and western Canada and the United States, the Great Lakes provide a welcome respite from the long train journey.

TORONTO-NIAGARA DIVISION—Frequent daily service, with special weekly moonlight excursions. Convenient bus connections to Buffalo.

TORONTO-MONTREAL DIVISION—Three-times-a-week service across Lake Ontario to Rochester, through the Thousand Islands, over breath-taking rapids to Montreal.

MONTREAL-SAGUENAY DIVISION—Three and six-day trips from Montreal to the continent's most widely-known vacation river-way, the mysterious Saguenay. A gorge that rivals in grandeur the mighty Norwegian fiords. Calls at Quebec, Murray Bay, Tadoussac and intermediate points. Daily overnight service between Montreal and Quebec.

Special week-end rates apply on all passenger services. All-expense tours from Canadian and United States points available. Automobiles carried on all steamers at low rates.

Full information, literature, reservations,
from any office of

CANADA STEAMSHIP LINES



The MANOIR RICHELIEU

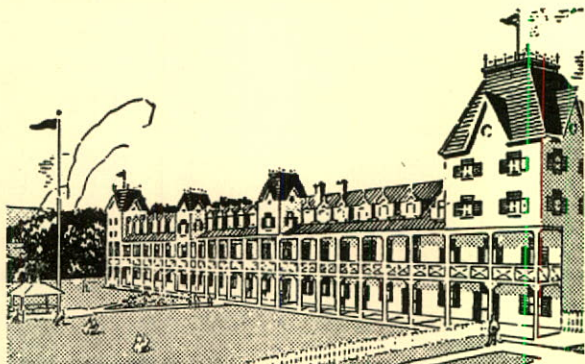
Located at Murray Bay in the Province of Quebec, the heart of old French Canada, the Manoir Richelieu is one of the world's great resort hotels. Aside from superb accommodations and cuisine and an exclusive yet delightfully informal social atmosphere, it offers golf, tennis, riding, and a swimming pool that is free to guests. Opens June 25th.

For further information, literature, reservations, write John O. Evans,
Manager, 715 Victoria Square, Montreal, Quebec.



HOTEL TADOUSSAC (and Fishing Camps)

A delightful scenic spot, where the Saguenay joins the St. Lawrence, offering some of the finest trout fishing in the world. Nine annually-stocked lakes exclusive to guests; also land-locked salmon. Golf, tennis, fresh and salt-water swimming. Immunity from hay-fever. Opens June 27th.



For further information, literature, reservations, write F. G. Brown,
Manager, 715 Victoria Square, Montreal, Quebec.

CANADA STEAMSHIP LINES

Package Freight Service

20 Ships Operating to 20 Ports



Along the greatest inland waterway system in the world, the St. Lawrence River and the Great Lakes, moves a fleet of modern ships which, with shore utilities, comprise the Package Freight Service of Canada Steamship Lines. This service has been constantly improved, and has grown until today it alone carries a large proportion of Canada's internal trade. This vast and important water route connects vital industrial and trading centres, and the Package Freight Service of the Canada Steamship Lines has earned for itself the reputation of being the most economical and dependable of its kind in Canada.

These package freight ships are specially equipped to function in this type of carrying service. All vessels have elevators built to handle all kinds of freight expeditiously and with a minimum of loss or damage. Mechanical shore equipment operated in conjunction with the ships results in great efficiency and speed in freight transfer.

Units of
CANADA STEAMSHIP LINES
Services

PASSENGER STEAMERS

S.S. Tadoussac, Quebec, St. Lawrence, Richelieu,
Rapids Prince, Kingston, Cayuga, Noronic,
Hamonic.

PACKAGE FREIGHT STEAMERS

S.S. Beaverton, Calgarian, Canadian, City of
Hamilton, City of Kingston, City of Montreal,
City of Toronto, City of Windsor, Edmonton,
Ferne, Glenross, Huronic, Kenora, Lethbridge,
Renvoyle, Saguenay, Saskatoon, Selkirk, Weyburn,
Winnipeg.

BULK FREIGHT STEAMERS

S.S. Acadian, Ashcroft, Barrie, Coalhaven, Collier,
Collingwood, Donald Stewart, Donnacona,
Dundas, Elgin, Emperor, Fairmount, Gleneagles,
Glenelg, Goderich, Grainmotor, Hagarty, Hastings,
Kinmount, Lemoyne, Lennox, Mapleheath, Mea-
ford, Midland Prince, Norfolk, Osler, Penetang,
Prescott, Simcoe, Stadacona, Starmount,
Westmount.